



Concept Paper # 221

Name of document to be reviewed: **Fraud Detection as a Service for Unemployment Insurance**

(Please check one item listed in the following two sections)

Document for review and approval:

- ☐ Request for Proposal (RFP)
- ☐ Request for Service (RFS)
- ☐ Request for Quote (RFQ)
- ☐ Invitation to Qualify

- ☒ **Sole Source Procurement**
- ☐ **Statement of Work**
- ☐ **Staff Augmentation**
- ☐ **Master Agreement Purchase**

NOTE: Sole source procurements will also need authorization from DAS Procurement for this type of purchase. Please also contact DAS Procurement at this location:

<http://das.gse.iowa.gov/procurement/solesource%202010.pdf>

Document for review only:

☐ Master Agreement

☐ Request for Information (RFI)

Agency: **Iowa Workforce Development**

RFP Reference #:

Release Date:

This project is requesting IOWAccess funds: Yes ☐ No ☒

NOTE: IOWAccess concept papers are to be sent to Wes Hunsberger (Wes.Hunsberger@iowa.gov) for an internal DAS review.

Projected cost over \$50,000? Yes ☒ No ☐

Projected agency staff hours over 750? Yes ☐ No ☒

Project Cost, Funds and Funding Source:

Please list the internal and external resources/costs for the purchase:



Internal Resources/Costs: \$100,000 internal programming cost

External Resources/Costs: Google (through certified partner Pondera) \$400,000

Timelines: Implementation plan of 1 year

Goal: To detect fraud or improper payments in UI Claims before the payment is made.

Background: Unemployment Insurance has millions of dollars that have been paid to claimants due to fraud on the part of the claimant or resulting from legitimate mistakes on the part of the claimant. Collecting these fraudulent payments or over payments is very time consuming and not always successful.

Expected Results:

What are the tangible and intangible benefits of this purchase for this agency and/or state government? The Agency has millions of dollars in outstanding fraudulent payments or overpayments. Collecting on these payments takes time and money. Detecting these types of payments before the money is expended will allow the money to be used where it is intended and will lessen the amount of time and resources needed to collect after the payment has been made.

Can these benefits be quantified in financial terms? If yes, please explain. Not entirely. The success of the project will depend on how successful the algorithms are that spot fraud before the payment is made. We will be able to track the payments that are flagged and accumulate the amount that would have been paid out as a justification.

How will you be more effective as a result of this purchase? The service will allow IWD to prevent fraudulent and over payments for UI claimants.

How will service to your customers be enhanced as a result of this purchase? Insures that money intend for the UI claims is paid to legitimate claimants only. Lessens the probability of fraud.

Testing and Acceptance:

Some of the Interested Parties: IWD UI Division, Taxpayers of Iowa

Some of the Recipients of this Service: IWD UI Division, Taxpayers of Iowa

Standards:

Architecture:

Business Continuity / Disaster Recovery Included as part of service



Recommendations from the State CIO:

NOTE: Where applicable, all DAS GSE Procurement and IA Administrative Code 11-105 and 11-106 requirements and procedures are to be followed. Reference: <http://das.gse.iowa.gov/procurement/>, specifically: <http://das.gse.iowa.gov/procurement/adminrules/>.

Duplication recommendation from the State CIO to the DAS Director:

- a) Is there duplication within Government? *(Please identify duplication at the agency level, as well as within the enterprise)*
- b) Can an existing program be modified to address a new need?
- c) Do you have any similar program in existence?
- d) Have you sought IT procurements for similar programs in the past?
- e) Do you have purchasing documents for similar programs?
- f) Do you have similar purchasing documents that could be used as a starting point for this program?
- g) Is there anything you could provide that could assist the agency with this IT procurement?
- h) Are there alternatives available to the agencies?

Recommendation of the State CIO to the DAS Director:

Authorize this IT procurement Yes X No ____

Alternatives suggested by the State CIO
(see comments below) Yes ____ No X

Additional comments from the State CIO: **DAS Procurement has indicated IWD will issue an RFP for this procurement. The sole source portion of the procurement is no longer necessary.**

DAS Director's action:

Authorize this IT procurement Yes X No ____

The above IT procurement concept approved by Director Carroll on 10/15/12

Comments: **None.**